



## PUBLIC FINANCE AND PUBLIC DEBT REPORT, OCTOBER 2008

The public finance and public debt preliminary results as of October 2008 were released today.

The main results for the January-October period are the following:

- The public sector posted a Ps. 218.2 billion surplus, which is in line with the balanced budget authorized by Congress for 2008 as a whole.
- Budgetary revenues registered an 11.8 percent increase in real annual terms with respect to the same period of last year, due mainly to higher revenues from oil related activities and non oil tax revenues, which registered a 24.5 and 12.1 percent increase in real annual terms, respectively.
- Income tax collection, which includes the Unique Rate Corporate Tax, posted an 11.8 percent real increase; while revenues from Value Added and Excise taxes posted increases in real annual terms of 10.9 and 7.4 percent, respectively.
- Programmable expenditures registered a 14.1 percent increase in real annual terms with respect to the same period of the previous year. Worth noting are the increases in expenditures channeled to physical investment, pensions and social development programs.
- Federalized expenditures increased 17.0 percent in real annual terms with respect to the January-October period of 2007. Shared revenues registered a 24.0 percent increase in real annual terms.
- The public sector's net domestic debt increased by Ps. 137.7 billion while its external debt decreased by US\$ 9.5 billion, both with respect to December 2007.

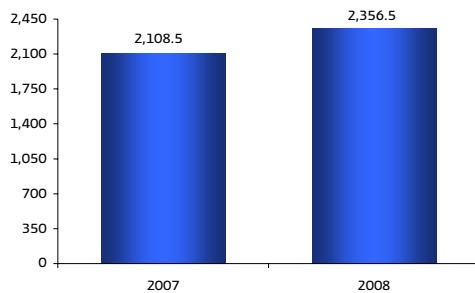
### ***Evolution of the Public Finances during January-October***

Up to October 2008, the public sector's balance posted a surplus of Ps. 218.2 billion, amount Ps. 29.7 billion higher than the one registered in the same period of the previous year. The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 380.0 billion surplus, amount Ps. 0.4 billion higher than the one registered during the January-October period of 2007. These figures are in line with the balanced budget authorized by Congress for 2008.

### ***Public Sector Budgetary Revenues during January-October***

The public sector's budgetary revenues were Ps. 2,356.5 billion, amount which is 11.8 percent higher in real terms than the one registered during the same period of the previous year. The evolution of the main components of budgetary revenues is the following:

**BUGETARY REVENUES,  
JANUARY-OCTOBER  
(Billion Pesos of 2008)**



- Non-oil tax revenues were Ps. 1,017.9 billion, 12.1 percent higher in real terms than those observed during the January-October period of the previous year. Worth highlighting is the increase in real annual terms in the income tax collection, which includes the Unique Rate Corporate Tax, of 11.8 percent, as well as the increases in VAT, Excise and Import taxes of 10.9, 7.4 and 6.9 percent, respectively. Collection of the Tax on cash deposits was Ps. 11.6 billion.
- Oil related revenues (which include PEMEX's own revenues, royalties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns) totaled Ps. 888.3 billion, amount that is 24.5 percent higher in real terms than those registered in the same period of the previous year. This result is explained by the higher price of Mexican oil exports (96.9 dpb compared with 55.6 dpb observed in the same period of last year, which implies a 74.2 percent increase). This compensated for the decrease in the oil export platform of 16.8 percent, the 60.3 percent real increase in the value of imports and the observed exchange rate appreciation of 8.1 percent, all these with

respect to the same period of the previous year.

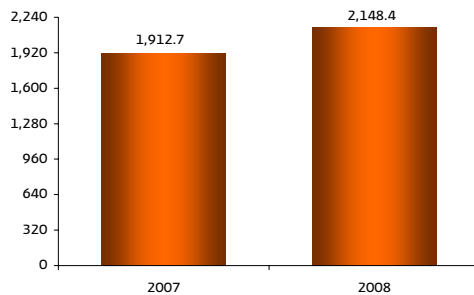
- Revenues of public entities under direct budgetary control other than PEMEX totaled Ps. 363.5 billion, which represents an increase of 5.6 percent with respect to those registered in the same period of 2007.
- Non-tax non-oil revenues were Ps. 86.8 billion, amount that is 39.5 percent lower in real terms than that observed in the same period of the previous year. This result is mainly due to higher non-recurrent revenues obtained in 2007.

***Net Budgetary Public Sector Expenditures during January-October***

During the first ten months of the year, the net budgetary expenditures of the public sector totaled Ps. 2,148.4 billion, amount that is 12.3 percent higher in real terms than the one observed in the same period of 2007.

Paid programmable expenditures totaled Ps. 1,611.3 billion, which is 14.1 percent higher in real terms than the one observed in the same period of the previous year. The higher expenditures were channeled to social development programs such as education, health, urbanization, housing and regional development, pensions, national and public security and agricultural development; and productive activities, among them higher investment expenditures in CFE and PEMEX and programs of the Ministries of Transport and Communications and Economy, as well as the increase in CFE's operating expenses due to the higher cost of fuel used for the generation of energy.

**NET BUDGETARY EXPENDITURE,  
JANUARY-OCTOBER  
(Billion Pesos of 2008)**



Federalized expenditures, which include shared revenues allocated to Federal Entities and Municipalities, as well as resources transferred to these entities through wage and economic provisions, decentralization agreements and reallocations increased 17.0 percent in real terms. Shared revenues registered a 24.0 percent increase in real terms, due to a higher collection of Federal shareable revenues while the rest of the resources distributed to Federal Entities and Municipalities registered an 11.8 percent increase in real annual terms.

The Public Sector's financial cost was Ps. 157.3 billion, amount that is 16.6 percent lower in real terms than the one registered in the same period of last year. It is worth noting that in the Federation's Expenditure Budget for 2008 the reporting methodology of the financial cost of PEDBC's was adjusted to use the same accounting criteria for that of the Federal Government (interest payments on financial liabilities less received interests on available financial assets). After adjusting for the effect of this measure, which does not alter the results of public finances but only their presentation, the financial cost would decrease by 4.6 percent in real terms.

**Public debt update to October**

At the end of October, the Federal Government's net domestic debt was Ps. 1,890.4 billion, amount that is Ps. 102.0 billion higher than the amount observed at the end of 2007. The change in the stock is explained by net indebtedness of Ps. 192.3 billion, upward adjustments to the inflation-indexed debt by Ps. 18.7 billion and an increase in the Federal Government's financial assets of Ps. 109.0 billion.

The stock of the Federal Government's net external debt at the end of October was US\$ 37.1 billion, amount US\$ 4.2 billion lower than the one observed on December 31, 2007. The decrease is due to a net amortization of US\$ 4.0 billion, downward accounting adjustments by US\$ 0.5 billion, and a decrease in financial assets in foreign currency of US\$ 0.3 billion.

The net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) at the end of October was Ps. 1,824.5 billion, amount Ps. 137.7 billion higher than the stock at the end of 2007. This is due to net domestic borrowing of Ps. 220.9 billion, upward accounting adjustments by Ps. 43.0 billion and an increase in the Public Sector's financial assets by Ps. 126.2 billion.

The Federal Public Sector's net external debt stood at US\$ 25.1 billion, amount that is lower than that observed in December 2007 by US\$ 9.5 billion. This is due to a net external amortization by US\$ 2.6 billion, upward accounting adjustments by US\$ 0.4 billion and an increase in foreign financial assets by US\$ 7.2 billion.



Press Release

Mexico City, November 28th, 2008.

More details on Public Finance and Public Debt statistics can be obtained in the Ministry of Finance's web page at:

[www.apartados.hacienda.gob.mx/clon\\_estadisticas/index.html](http://www.apartados.hacienda.gob.mx/clon_estadisticas/index.html)

## ANNEX

### PUBLIC SECTOR OVERALL BALANCE (Million pesos)

Concept	January-October		Real. % Growth	Composition %	
	2007	2008 <sup>p_/</sup>		2007	2008 <sup>p_/</sup>
<b>PUBLIC BALANCE</b>	188,506.3	218,224.4	10.4		
<b>Budgetary Balance</b>	186,706.9	208,098.3	6.3		
<b>Budgetary Revenues</b>	2,010,628.9	2,356,476.5	11.8	100.0	100.0
Oil Related	680,142.8	888,301.6	24.5	33.8	37.7
Federal Government	434,421.2	626,829.5	37.6	21.6	26.6
PEMEX	245,721.6	261,472.0	1.5	12.2	11.1
Non-oil related	1,330,486.1	1,468,174.9	5.2	66.2	62.3
Federal Government	1,002,278.2	1,104,655.6	5.1	49.8	46.9
Tax	865,465.5	1,017,851.9	12.1	43.0	43.2
Non-tax	136,812.7	86,803.7	-39.5	6.8	3.7
PEDBC	328,207.8	363,519.3	5.6	16.3	15.4
<b>Net Budgetary Expenditures</b>	1,823,922.0	2,148,378.2	12.3	100.0	100.0
Programmable	1,346,451.5	1,611,344.4	14.1	73.8	75.0
Non programmable	477,470.4	537,033.7	7.3	26.2	25.0
PEIBC	1,799.4	10,126.1	436.6		
<b>Primary Balance</b>	379,590.6	380,022.5	-4.5		

Note: Figures may not add up due to rounding.

p\_/ Preliminary Figures

n.s. no significant

Source: Ministry of Finance and Public Credit

**PUBLIC SECTOR REVENUES**

(Million pesos)

Concept	January-October		Real. % Growth	Composition %	
	2007	2008 <sup>p/</sup>		2007	2008 <sup>p/</sup>
<b>Budgetary Revenues(I+II)</b>	<b>2,010,628.9</b>	<b>2,356,476.5</b>	<b>11.8</b>	<b>100.0</b>	<b>100.0</b>
I. Oil Related (a+b)	680,142.8	888,301.6	24.5	33.8	37.7
a) PEMEX	245,721.6	261,472.0	1.5	12.2	11.1
b) Federal Government	434,421.2	626,829.5	37.6	21.6	26.6
Rights and royalties	470,781.1	815,468.9	65.2	23.4	34.6
Excise taxes <sup>1/</sup>	-39,686.8	-192,465.1	n.-s.	-2.0	-8.2
Tax on Downstream Returns	3,326.9	3,825.8	9.7	0.2	0.2
II. Non-oil related (c+d)	1,330,486.1	1,468,174.9	5.2	66.2	62.3
c) Federal Government	1,002,278.2	1,104,655.6	5.1	49.8	46.9
Tax	865,465.5	1,017,851.9	12.1	43.0	43.2
Income Tax and IETU	434,800.5	509,772.2	11.8	21.6	21.6
Income Tax	422,032.9	467,362.6	5.6	21.0	19.8
IMPAC	12,767.6	1,773.8	-86.8	0.6	0.1
IETU (Unique Rate Corporate Tax)	0.0	40,635.8	n.a.	0.0	1.7
VAT	338,268.9	393,567.1	10.9	16.8	16.7
Excise taxes	34,425.1	38,756.2	7.4	1.7	1.6
Import taxes	26,193.8	29,371.1	6.9	1.3	1.2
IDE (Tax on Cash Deposits) <sup>2/</sup>	0.0	11,581.6	n.a.	0.0	0.5
Others <sup>3/</sup>	31,777.1	34,803.8	4.4	1.6	1.5
Non-tax	136,812.7	86,803.7	-39.5	6.8	3.7
Rights	22,283.7	25,904.7	10.9	1.1	1.1
Fees	108,768.1	55,447.6	-51.4	5.4	2.4
Others	5,761.0	5,451.4	-9.8	0.3	0.2
d) PEDBC <sup>4/</sup>	328,207.8	363,519.3	5.6	16.3	15.4
<b>Memorandum items:</b>					
Total tax related	829,105.6	829,212.6	-4.6	41.2	35.2
Total non-tax related	1,181,523.3	1,527,263.8	23.3	58.8	64.8

Note: Figures may not add up due to rounding.

p/ Preliminary Figures

n.s no significant

1/ The negative signs imply that compensations were greater than receipts.

2/ Does not discount payments made by taxpayers that were retained by financial institutions. These accreditation are discounted, especially Income Tax.

3/ Includes new vehicle, vehicle ownership, exports, those which do not belong to these concepts and accessory taxes.

4/ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

**PUBLIC SECTOR EXPENDITURES**

**(Million pesos)**

Concept	January-October		Real. % Growth	Composition %	
	2007	2008 <sup>p_/</sup>		2007	2008 <sup>p_/</sup>
<b>TOTAL (I+II)</b>	1,823,922.0	2,148,378.2	12.3	100.0	100.0
<b>I. Primary Expenditures (a+b)</b>	1,644,090.1	1,991,105.0	15.5	90.1	92.7
a) Programmable	1,346,451.5	1,611,344.4	14.1	73.8	75.0
b) Non- programmable	297,638.5	379,760.6	21.7	16.3	17.7
<b>II. Financing Costs <sup>1_/</sup></b>	179,831.9	157,273.2	-16.6	9.9	7.3

Note: Figures may not add up due to rounding

p\_/ Preliminary Figures

1\_/ Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

**FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-OCTOBER\*<sub>1/</sub>**  
**(Million pesos)**

Concept	Outstanding as of December 2007 <sup>p<sub>1/</sub></sup>	Indebtedness			Adjustments <sup>1<sub>1/</sub></sup>	Outstanding as of October 2008 <sup>p<sub>1/</sub></sup>
		Originations	Amort.	Net		
<b>Net Domestic debt balance</b>	<b>1,788,339.0</b>					<b>1,890,357.1</b>
Assets <sup>2<sub>1/</sub></sup>	107,921.8					216,885.0
<b>Gross Domestic debt stock</b>	<b>1,896,260.8</b>	<b>1,348,071.4</b>	<b>1,155,784.3</b>	<b>192,287.1</b>	<b>18,694.2</b>	<b>2,107,242.1</b>
Government Securities	1,795,833.3	1,203,491.7	1,020,526.0	182,965.7	14,562.9	1,993,361.9
Cetes	340,453.7	830,843.8	837,263.0	-6,419.2	0.0	334,034.5
Bondes	137,509.1	0.0	79,509.1	-79,509.1	0.0	58,000.0
Bondes D	187,490.3	23,700.0	34,103.4	-10,403.4	0.0	177,086.9
Fixed Rate Bonds	895,052.9	276,036.7	67,421.4	208,615.3	2,094.2	1,105,762.4
Udibonos	235,327.3	72,911.2	2,229.1	70,682.1	12,468.7	318,478.1
<i>Udibonos udi's</i>	59,834.3	18,158.4	562.5	17,595.9	60.9	77,491.1
S.A.R.	62,937.8	141,500.4	128,791.3	12,709.1	3,002.0	78,648.9
Siefores (pesos)	879.2	12.4	773.4	-761.0	26.8	145.0
<i>Siefores udi's</i>	223.5	3.2	191.4	-188.2	0.0	35.3
Others	36,610.5	3,066.9	5,693.6	-2,626.7	1,102.5	35,086.3

Note: Figures may not add up due to rounding.

\*<sub>1/</sub> Figures subject to revisions and methodological changes.

p<sub>1/</sub> Preliminary Figures

1<sub>1/</sub> Refers to adjustment for inflation. For Fixed Rate Bonds it refers to the adjustment due to debt exchanges and for Bondes purchase. Udibonos includes a 241. 4 million pesos adjustment due to debt exchanges.

2<sub>1/</sub> Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system.

Source: Ministry of Finance and Public Credit



**FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY-OCTOBER<sup>\*\_/</sup>**  
**(Million Dollars)**

Concept	Outstanding as of December 2007 <sup>p_/</sup>	Indebtedness			Adjustments	Outstanding as of October 2008 <sup>p_/</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	<b>41,281.4</b>					<b>37,079.3</b>
Assets <sup>1_/</sup>	970.0					693.0
<b>Gross Debt</b>	<b>42,251.4</b>	<b>1,993.4</b>	<b>5,982.7</b>	<b>-3,989.3</b>	<b>-489.8</b>	<b>37,772.3</b>
Public Bonds	35,352.3	1,500.0	5,552.4	-4,052.4	-505.7	30,794.2
IFI's	6,622.7	493.4	416.3	77.1	23.6	6,723.4
Bilateral	199.9	0.0	14.0	-14.0	-7.7	178.2
Restructured	76.5	0.0	0.0	0.0	0.0	76.5

Note: Figures may not add up due to rounding.

\*\_/ Figures subject to revisions.

p\_/ Preliminary figures.

1\_/ Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets in foreign currency.

Source: Ministry of Finance and Public Credit

**PUBLIC SECTOR DOMESTIC DEBT, JANUARY-OCTOBER \* /**  
**(Million Pesos)**

Concept	Outstanding as of December 2007 <sup>p /</sup>	Indebtedness			Adjust.	Outstanding as of October 2008 <sup>p /</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	<b>1,686,787.0</b>					<b>1,824,473.2</b>
Assets <sup>1 /</sup>	271,205.3					397,370.3
<b>Gross Debt</b>	<b>1,957,992.3</b>	<b>1,514,895.1</b>	<b>1,294,002.5</b>	<b>220,892.6</b>	<b>42,958.6</b>	<b>2,221,843.5</b>
<b>By Term</b>	<b>1,957,992.3</b>	<b>1,514,895.1</b>	<b>1,294,002.5</b>	<b>220,892.6</b>	<b>42,958.6</b>	<b>2,221,843.5</b>
Long-term	1,690,521.3	591,313.3	395,762.9	195,550.4	34,074.8	1,920,146.5
Short-term	267,471.0	923,581.8	898,239.6	25,342.2	8,883.8	301,697.0
<b>By User</b>	<b>1,957,992.3</b>	<b>1,514,895.1</b>	<b>1,294,002.5</b>	<b>220,892.6</b>	<b>42,958.6</b>	<b>2,221,843.5</b>
Federal Government	1,896,260.8	1,348,071.4	1,155,784.3	192,287.1	18,694.2	2,107,242.1
Long-term	1,634,957.6	583,148.0	392,129.9	191,018.1	18,694.2	1,844,669.9
Short-term	261,303.2	764,923.4	763,654.4	1,269.0	0.0	262,572.2
PEDBC's	21,120.1	32,041.0	12,832.1	19,208.9	-1,808.6	38,520.4
Long-term	21,120.1	0.0	142.3	-142.3	-1,808.6	19,169.2
Short-term	0.0	32,041.0	12,689.8	19,351.2	0.0	19,351.2
Development Banks	40,611.4	134,782.7	125,386.1	9,396.6	26,073.0	76,081.0
Long-term	34,443.6	8,165.3	3,490.7	4,674.6	17,189.2	56,307.4
Short-term	6,167.8	126,617.4	121,895.4	4,722.0	8,883.8	19,773.6
<b>By Financing Source</b>	<b>1,957,992.3</b>	<b>1,514,895.1</b>	<b>1,294,002.5</b>	<b>220,892.6</b>	<b>42,958.6</b>	<b>2,221,843.5</b>
Bonds Placed in Domestic Markets	1,835,828.8	1,333,257.1	1,145,899.0	187,358.1	40,527.3	2,063,714.2
SAR	62,937.8	141,500.4	128,791.3	12,709.1	3,002.0	78,648.9
Commercial Banks	974.5	28,517.3	8,155.4	20,361.9	108.6	21,445.0
Others	58,251.2	11,620.3	11,156.8	463.5	-679.3	58,035.4

Note: Figures may not add up due to rounding.

\* / Figures subject to revisions.

p / Preliminary Figures

<sup>1 /</sup> Considers the domestic currency denominated balance of the Federal Treasury's General Account and other held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

**PUBLIC SECTOR EXTERNAL DEBT, JANUARY-OCTOBER <sup>\*/</sup>**  
**(Million Dollars)**

Concept	Outstanding as of December 2007 <sup>p/</sup>	Indebtedness			Adjust	Outstanding as of October 2008 <sup>p/</sup>
		Originations	Amort.	Net		
<b>Net Debt</b>	<b>34,532.5</b>					<b>25,079.8</b>
Financial Assets in Foreign Currency <sup>1/</sup>	20,822.4					28,053.3
<b>Gross Debt</b>	<b>55,354.9</b>	<b>15,658.7</b>	<b>18,299.1</b>	<b>-2,640.4</b>	<b>418.6</b>	<b>53,133.1</b>
<b>By Term</b>	<b>55,354.9</b>	<b>15,658.7</b>	<b>18,299.1</b>	<b>-2,640.4</b>	<b>418.6</b>	<b>53,133.1</b>
Long-term	54,435.0	5,918.9	9,744.0	-3,825.1	413.3	51,023.2
Short-term	919.9	9,739.8	8,555.1	1,184.7	5.3	2,109.9
<b>By User</b>	<b>55,354.9</b>	<b>15,658.7</b>	<b>18,299.1</b>	<b>-2,640.4</b>	<b>418.6</b>	<b>53,133.1</b>
Federal Government	42,251.4	1,993.4	5,982.7	-3,989.3	-489.8	37,772.3
Long-term	42,251.4	1,993.4	5,982.7	-3,989.3	-489.8	37,772.3
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,857.3	8,018.3	5,843.1	2,175.2	880.7	10,913.2
Long-term	7,857.3	3,782.2	2,710.8	1,071.4	874.4	9,803.1
Short-term	0.0	4,236.1	3,132.3	1,103.8	6.3	1,110.1
Development Banks	5,246.2	5,647.0	6,473.3	-826.3	27.7	4,447.6
Long-term	4,326.3	143.3	1,050.5	-907.2	28.7	3,447.8
Short-term	919.9	5,503.7	5,422.8	80.9	-1.0	999.8
<b>By Financing Source</b>	<b>55,354.9</b>	<b>15,658.7</b>	<b>18,299.1</b>	<b>-2,640.4</b>	<b>418.6</b>	<b>53,133.1</b>
Public Bonds	36,964.0	1,500.0	5,694.9	-4,194.9	-460.6	32,308.5
IFI's	9,154.7	532.3	1,055.8	-523.5	-8.2	8,623.0
Bilateral	2,932.6	553.6	710.9	-157.3	32.9	2,808.2
Commercial Banks	1,553.5	8,836.9	7,705.2	1,131.7	3.9	2,689.1
Restructured 1989 - 1990 <sup>2/</sup>	76.5	0.0	0.0	0.0	0.0	76.5
Pidiregas	4,673.6	4,235.9	3,132.3	1,103.6	850.6	6,627.8

Note: Figures may not add up due to rounding

<sup>\*/</sup> Figures subject to revisions.

<sup>p/</sup> Preliminary Figures

<sup>1/</sup> Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets in foreign currency and assets from PEDBC's and Development Banks.

<sup>2/</sup> Represents bonds from Spanish Banks.

Source: Ministry of Finance and Public Credit